

UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct
Investigative Subcommittee

_____)
)
<i>In the Matter of</i>)
)
Representative Charles B. Rangel)
)
_____)

STATEMENT OF CHARLES B. RANGEL IN RESPONSE TO
THE STATEMENT OF ALLEGED VIOLATION

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EXHIBIT 1

Open letter to Editors and Reporters:

The original New York Times article concerning Chairman Rangel's actions on the small business tax bill accompanying the minimum wage increase in 2007 and the reporter's response to his letter to the editor omits and misstates important facts. These are the facts missing from, or misstated in the Times pieces. I welcome any challenge to the accuracy of the following:

1. On February 9, 2007, Chairman Rangel finalized and introduced a bipartisan small business tax relief bill with Ways and Means Ranking Member Jim McCrery to facilitate the passage of a minimum wage increase. The introduction of the bill preceded the brief conversation on February 12, 2007 with the lobbyist. This bill was the result of directions to me from the Chairman to develop a non-controversial, bipartisan, small business tax bill. According to the records of the Joint Committee on Taxation, my first request for assistance in developing such a bill occurred on February 1, 2007, approximately two weeks before the conversation on February 12, 2007.
2. There was a difference between the House Republicans and their Republican colleague Senator Grassley on the merits of each of the major revenue offsets that were contained in the Senate small business tax bill. House Republicans opposed each of them. Only a partisan bill in the House could have retained any of those offsets. As a result, the offsets in the House bill were consensus items developed pursuant to agreements between me and the Ways and Means Republican staff.
3. On February 12, 2007, there was a pro-forma markup in the Committee that approved the bill introduced by Chairman Rangel and Representative Jim McCrery on the previous Friday.

4. Contrary to the assertions of Mr. Kocieniewski, the Senate small business bill did not “arrive” in the House of Representatives before the Ways and Means Committee markup on February 12, 2007. On February 1, 2007, the Senate “passed” the House minimum wage bill, H.R. 2, with a small business tax title attached. The Senate “passage” was the legislative equivalent of an empty gesture because of the constitutional requirement that revenue measures originate in the House of Representatives.

As a result of that constitutional requirement, H.R. 2 is still on the Senate Floor and has never been sent to the House. Whether deliberate or not, the main thesis of the reporter’s article, that Chairman Rangel stripped the inversion provision from the Senate bill during the Ways and Means markup, is factually incorrect.

5. The Senate small business tax bill was first received by the House on March 30, 2007 as an amendment to an appropriations bill. This bill was substantially different than the one “passed” in the Senate on February 1, 2007. Although neither Chairman Rangel, nor Chairman Baucus were named conferees on the final legislation, it was their responsibility to develop the final tax provisions.

After agreeing on a \$5 billion total for the final package, Chairmen Rangel and Baucus delegated authority to staff to develop a consensus package and report to them any differences that could not be resolved at the staff level. The agreement brought back from the staff did not include the inversion provision, nor did it include more than a dozen other revenue offsets included in the Senate bill. These provisions were dropped by Senate Finance Committee staff in conversations with me. As normal, all of the staff decisions were subject to review by the Members. Had the Senate been insistent on including the inversion provision, Chairman Baucus could have

objected to the staff decisions and conducted direct negotiations with Chairman Rangel on that issue. He did not.

Instead, the only issue he personally raised with Chairman Rangel was the inclusion of tax benefits for rural counties, something that had not been agreed to at the staff level. The question of including the inversion provision in the final legislation never came to Chairman Rangel.

I believe that all of Chairman Rangel's actions on the small business tax bill were driven by his desire to facilitate the enactment of an increase in the minimum wage. He felt that a non-controversial, bipartisan bill would accomplish that goal. The editorial page of the New York Times reached the same conclusion in an editorial on February 15, 2007. Now, the New York Times is condemning him for actions necessary to do what they praised at the time.

I would also like to emphasize that, at no time during the consideration of the small business tax bill was I aware of any donations to City College of New York, nor of any conversation between Chairman Rangel and the lobbyist for Nabors. In fact, Chairman Rangel never once mentioned the word "Nabors" to me in the entire process. Nor did I ever receive any specific instructions from him on the inversion issue.

The Times reporter has chosen to cast Chairman Rangel's actions in a different light. To do so, he had to omit and distort the facts pertaining to the consideration of the legislation in question.

Sincerely,

John Buckley, Chief Tax Counsel, House Committee on Ways and Means

EXHIBIT 2

DECLARATION OF ELLEN JACOBS

I, Ellen Jacobs, declare as follows:

1. I am a resident of the State of New York. I am over 18 years of age and under no legal disability. I have personal knowledge of the matters set forth, and this declaration reflects my best recollection of those events.

2. My mother, Ann Kheel, who died in 2003, devoted her life to civic activities in support of racial equality and opportunities for the disadvantaged and was deeply engaged in efforts to improve the lives of others, including promoting education. To honor her memory, my father, Theodore Kheel, established the Ann S. Kheel Charitable Trust (the "Trust") to provide assistance to organizations that are dedicated to improving the lives of disadvantaged New Yorkers in this manner.

3. The Trust has been pleased to provide scholarships at Hunter College and the City College of New York and to fund scholarships at the National Urban League. The Trust has also donated funds to the Bowery Mission.

4. Congressman Charles Rangel has been the chair of the Board of Trustees of the Trust. The other four members of the Board were and are prominent individuals with excellent standing in the community. From my perspective, all of the trustees are sophisticated individuals who evaluated critically, thoughtfully and with great conscience matters relating to the Trust. The trustees volunteer their time and do not receive payment for their service.

5. I have served as the Executive Director of the Trust since its founding in 2004. This is an unpaid position.

6. As Executive Director, I have observed and kept minutes of the meetings of the Board of Trustees of the Trust. To the best of my recollection, the minutes of the Trust's

meetings accurately reflect the discussions had and the decisions taken at each meeting, and I need not repeat in this declaration what the minutes state.

7. The \$440,000 multi-year funding commitment for the Ann S. Kheel Scholarship Program in Community Service at CCNY was approved by the trustees. I do not recall any dissenting votes.

8. Thereafter, the Trust has sent checks to CCNY for Ann S. Kheel scholarships in my mother's memory. The Trust did not and has not contributed any funds to CCNY which the Trust allocated or attributed to the Rangel Center.

9. In 2008, I was advised by Rachelle Butler, Vice President of Development at CCNY, that the Trust donation had in fact been allocated to the Ann S. Kheel Scholars program at CCNY and that no Trust donation had funded anyone associated with the Rangel Center.

10. I am not aware of any fact or circumstance that would suggest that any trustee received any economic benefit from the establishment of the Ann S. Kheel Scholarship Program in Community Service.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed July 15, 2010.



Ellen Jacobs

EXHIBIT 3

REDACTED

SS#

SS#

Name (Husband) CHARLES RANGEL (Wife)

Present Address 40 WEST 135 STREET

Number of Rooms at Present Address 5 No. of Persons at Present Address 3

Rent Paid \$ 900 Length of Tenancy 5 yrs Home Telephone

Landlord's Name and Address LENIX TERRACE

Previous Address 74 WEST 132 ST

Landlord's Name & Address owner

Length of Tenancy 60 yrs Rent Paid \$

Occupation (Husband) US Congress Salary \$ 130,000

Name of Company Wash DC Address 163 W. 125 ST

Company Telephone REDACTED Length of Employment 28 yrs Dep't Head

Occupation REDACTED (Wife or Other Working Member of Family) Salary \$

Name of Company

Address

Company Telephone Length of Employment

Dep't Head

Additional Sources of Income other Than Employment: (Stocks, Pension, Etc.)

STEVEN RANGEL
(1) Name

Number of Persons to Occupy Apartment

SON
Relationship Age

(2) Name

LAW STUDENT
Relationship Age

(3) Name

ST JOHN'S LAW SCHOOL
Relationship Age

Bank Account: Checking #

Jamaica NY
Bank Name & Address

Savings: #

Number

Bank Name & Address

References: Personal 1.

James Booker

2.

Pres Bill Clinton

I hereby warrant that all of my representations set forth above are true. I further represent that I am not renting a room or an apartment under any other name nor have I ever been dispossessed from any apartment, nor am I now being dispossessed.

FOR OFFICE USE ONLY

Apartment No of Rooms Floor Bldg. NO. Rental \$

SIGNATURE

[Signature]
SIGNATURE